

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6485

BILL NUMBER: HB 2009

NOTE PREPARED: Feb 26, 2003

BILL AMENDED: Feb 25, 2003

SUBJECT: Tobacco Settlement Appropriations.

FIRST AUTHOR: Rep. Crawford

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill makes appropriations from the Tobacco Master Settlement Agreement Fund for various health programs and commissions. The bill eliminates the spending caps applicable to the Tobacco Master Settlement Agreement Fund. It also appropriates money from the state General Fund for developmentally disabled client services and the local health maintenance fund. The bill also provides for a waiver to increase the income ceiling for eligibility for the Hoosier Rx program from 135% to 185% of the Federal Poverty Guideline. It further establishes a Health Professions Scholarship Fund.

Effective Date: July 1, 2003.

Explanation of State Expenditures: (Revised) The bill makes the following appropriations from the state General Fund.

State General Fund for:	FY 2004	FY 2005
Developmentally Disabled Client Services	\$ 9 M	\$ 9 M

The bill also makes the following appropriations from the Tobacco Master Settlement Agreement Fund.

Tobacco Master Settlement Agreement Fund Appropriation to :	FY 2004	FY2005
Tobacco Use Prevention & Cessation Trust Fund	\$ 32.0 M	\$ 32.0 M
Indiana Local Health Department Account	3.0 M	3.0 M
Indiana Children's Health Insurance Program (CHIP)	23.8 M	26.2 M
Developmentally Disabled Client Services	21.3 M	21.3 M
Division of Disability, Aging, and Disability Administration	3.0 M	3.0 M
Local Health Maintenance Programs	1.4 M	1.4 M
Community Health Centers	15.0 M	15.0 M
Indiana Prescription Drug Account	8.0 M	8.0 M
Nursing Scholarship Fund	1.0 M	1.0 M
Health Professions Scholarship Fund	1.0 M	1.0 M
Commission on Hispanic/Latino Affairs	0.125 M	0.125 M
Regional Health Facilities Construction Account	0.0	2.9 M
Total Appropriations from Tobacco MSA Fund	\$109.625 M	\$114.925 M

The bill allows for an augmentation of funds for the Hoosier Rx program of up to an additional \$12 M in each year of the biennium.

The bill also provides enhanced funding for the existing Nursing Scholarship Program. As shown in the table above, the proposal adds \$1 M to the Nursing Scholarship Program currently in place and administered by the State Student Assistance Commission (SSAC). The bill establishes a new Health Professions Scholarship program to be funded for \$1 M annually. This program is to be administered by SSAC and is intended to assist students in programs providing training in the allied healthcare professions. The bill requires the Medical Licensing Board to adopt rules that identify training programs for nonlicensed allied health care professions that would qualify for the Health Professions Scholarship program.

The bill eliminates the formula that defines the maximum amount of expenditures, transfers, or distributions that may be made from the Tobacco Master Settlement Agreement Fund. It also eliminates the prohibition on spending the reserved Trust portion and the interest earnings of the Fund. The bill further specifies that if a shortfall in anticipated payments occurs, all expenditures, transfers, or distributions (excluding those for the Tobacco Use Prevention and Cessation Trust Fund and the Indiana Local Health Department Account) are to be reduced proportionally unless otherwise specified.

The following Tobacco Master Settlement Agreement Fund information demonstrates the ending balance of the Fund if the full augmentation of \$12 M for each year for Hoosier Rx is used. No interest earnings are assumed.

Proposed Tobacco Master Settlement Agreement Funding	FY 2004	FY 2005
Beginning Fund Balance, July 1	\$ 252.100 M	\$ 258.125 M
Estimated Revenue	127.650 M	129.310 M
Appropriations made by this bill	109.625 M	114.925 M
Augmentation Allowed for Hoosier Rx	12.000 M	12.000 M
Total Potential Expenditures	121.625 M	126.925 M
Ending Fund Balance, As of June 30	\$258.125 M	\$260.510 M

Appropriations to the Local Health Maintenance Fund: The bill also increases the amount of the annual General Fund appropriation to the Local Health Maintenance Fund by \$60,000 in order to reflect population changes in four counties. The State Department of Health is required to distribute funding from the Local Health Maintenance Fund to the counties according to a defined county population. I.C. 16-46-10-2 specifies funding levels for counties as follows.

County Population	Grant Amount
Over 499,999	\$ 60,000
100,000 - 499,999	\$ 50,000
50,000 - 99,999	\$ 30,000
Under 50,000	\$ 20,000

Johnson, Hendricks, Warrick, and Hancock Counties have had increases in population that moves them into the next higher grant category according to the existing funding schedule.

County	1990 Census	2000 Census	Funding Increase
Johnson	95,604	115,209	\$ 20,000
Hendricks	\$ 78,887	104,093	\$ 20,000
Warrick	44,920	52,383	\$ 10,000
Hancock	45,527	55,391	\$ 10,000
Total Increase			\$ 60,000

Pharmacy Plus 1115 Demonstration Waiver: The bill also allows the Office of Medicaid Policy and Planning (OMPP) to apply for an amendment to the Pharmacy Plus 1115 Demonstration waiver application to increase the income eligibility standards from 135% to 185% of the Federal Poverty Level.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: The Family and Social Services Administration, Office of Medicaid Policy and Planning, the Division of Disability, Aging, and Rehabilitative Services, State Department of Health, State Student Assistance Commission, Commission on Hispanic and Latino Affairs, Tobacco Use Prevention and Cessation Agency, and the Medical Licensing Board.

Local Agencies Affected: Local Departments of Health and Community Health Centers.

Information Sources: State Budget Agency.

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